

January 15, 1981

LB 193-222

rules which the motion is before the desk.

SPEAKER MARVEL: Any further discussion? All those in favor of that motion vote aye, opposed vote no. Have you all voted? The motion is the Wesely motion. Have you all voted? Record the vote.

CLERK: 25 ayes, 10 nays on adoption of the permanent rules, Mr. President.

SPEAKER MARVEL: The motion is carried and the amendment is adopted. Senator Cullan wants to meet with the Public Health and Welfare Committee underneath the south balcony. Is that right, Senator Cullan? What is the next item?

CLERK: Mr. President, I have a series of matters to read in, if I may. First of all, Senator DeCamp offers a proposed rule change which will be submitted to the Rules Committee for their consideration. (See pages 180 and 181 of the Legislative Journal.)

Mr. President, new bills: LB 193 (Title read). LB 194 (Title read). LB 195 (Title read). LB 196 (Title read). LB 197 (Title read). LB 198 (Title read). LB 199 (Title read). LB 200 (Title read). LB 201 (Title read). LB 202 (Title read). LB 203 (Title read). LB 204 (Title read). LB 205 (Title read). LB 206 (Title read). LB 207 (Title read). LB 208 (Title read). LB 209 (Title read). LB 210 (Title read). LB 211 (Title read). LB 212 (Title read). LB 213 (Title read). LB 214 (Title read). LB 215 (Title read). LB 216 (Title read). LB 217 (Title read). LB 218 (Title read). LB 219 (Title read). LB 220 (Title read). LB 221 (Title read). LB 222 (Title read). (See pages 181 through 188 of the Legislative Journal.)

Mr. President, in addition your Committee on Business and Labor gives notice of public hearing for Wednesday, January 28. (See page 189 of the Legislative Journal.)

Mr. President, communication from the Chairman of the Executive Board which will be inserted in the Legislative Journal. (See page 189 of the Journal.)

Mr. President, I have an Attorney General's Opinion addressed to Senator Beutler regarding deferred compensation funds which will be inserted in the Legislative Journal. (See pages 189 through 192 of the Journal.)

SPEAKER MARVEL: May I have the attention of the members of the Legislature for just a second. I think the last few days have been tough on all of us. I think we are all

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LB 69, 182, 214, 336

SPEAKER MARVEL: The motion fails. Do you have anything to read into the....may I have the attention of the Legislature for just a moment? I would like to take this opportunity to welcome 38 Nigerian visitors to the Nebraska Legislature. They are Nigerian legislative staff from most of the 19 Unicameral Legislatures as well as their National Assembly. Most are front desk or committee clerks. The others are editors, accountants, legal draftsmen and Sergeant at Arms. They will be here to study and observe the Nebraska Legislature during Friday. So may we welcome our visitors who are underneath the north balcony. Okay, the Clerk has some items to read into the record.

CLERK: Mr. President, your Committee on Ag and Environment gives notice of hearing for Friday, March 6th. Your Committee on Banking, Commerce and Insurance gives notice of public hearing for February 24. (See page 428 of the Legislative Journal.)

Mr. President, your Committee on Banking, Commerce and Insurance whose Chairman is Senator DeCamp to whom was referred LB 214 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File with amendments. (Signed) Senator DeCamp. (See pages 428 and 429 of the Legislative Journal.)

Your Committee on Education to whom was referred LB 336 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File and LB 182 indefinitely postponed. (Signed) Senator Koch, Chairman.

Mr. President, that is all that I have. Oh, no it is not. Mr. President, your Miscellaneous Subjects whose Chairman is Senator Hefner gives notice of hearing for February 26, 27, March 5 and March 6. (See pages 427 and 428 of the Legislative Journal.)

Mr. President....that is all that I have right now, Mr. President.

SPEAKER MARVEL: Okay, we will proceed with LB 69. There are amendments.

CLERK: Mr. President, the next amendment I have is offered by Senator Burrows. Senator Burrows moves to amend LB 69, on page 2 by striking Section 2.

SPEAKER MARVEL: Senator Burrows.

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LB 130, 27, 82, 45, 214

Any discussion? All those in favor signify by saying aye, opposed nay. LB 130 is advanced to E & R for engrossment. LB 27. Senator Nichol.

SENATOR NICHOL: Mr. President, I move LB 27 be advanced to E & R for engrossment.

PRESIDENT: Motion to advance LB 27 to E & R for engrossment. Any discussion? All those in favor signify by saying aye, opposed nay. LB 27 is advanced to E & R for engrossment. LB 82. Senator Nichol.

SENATOR NICHOL: Mr. President, I move LB 82 be advanced to E & R for engrossment.

PRESIDENT: Motion to advance LB 82 to E & R for engrossment. Any discussion? All those in favor signify by saying aye, opposed nay. LB 82 is advanced to E & R for engrossment. LB 45, Senator Nichol.

SENATOR NICHOL: Mr. President, I move LB 45 be advanced to E & R for engrossing.

PRESIDENT: Motion to advance LB 45 to E & R for engrossment. Any discussion? All those in favor signify by saying aye, opposed nay. LB 45 is advanced to E & R for engrossment. That will conclude Select File with LB 178 being laid over. Mr. Clerk, anything else?

CLERK: No, sir. I have nothing further.

PRESIDENT. We will proceed then to General File. As I understand the Speaker, the first bill on General File will also be passed over because Senator Chambers is not here. Senator Carsten has been excused so LB 167 will also be laid over which leaves us with LB 214. Mr. Clerk.

CLERK: Mr. President, LB 214 was offered by Senator Elroy Hefner. (Title read.) The bill was read on January 15. It was referred to the Banking, Commerce and Insurance Committee. It was advanced to General File. There are committee amendments pending by the Banking Committee, Mr. President.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: I move the adoption of the committee amendments.

PRESIDENT: Motion to adopt the committee amendments. Any discussion? Senator Beutler.

SENATOR BEUTLER: May I just ask for an explanation of the committee amendments, if that is not asking too much.

PRESIDENT: Senator DeCamp, did you hear that?

SENATOR DeCAMP: Well, I am getting the book open here. This is Senator Hefner's bill and I have got an explanation on what it does. Let me give a general explanation of what we are dealing with. Personal loan laws for the banks. The banks came in and wanted to change the personal loan laws so, for example, on mobile homes they could charge a higher interest rate than the sixteen percent and could have an installment system where you had some unequal payments instead of every payment having to be equal or have confusion on it. Once the banks got done, then the industrial loan boys came in and said, me, too, like they always do, because if the banks were going to make loans on mobile homes under a different terms, then the industrial boys wanted it, too. So after listening to all that, the committee amendments do as follows: They amend the installment loan provisions of the industrial loan and investment companies, I mentioned the industrials came in and wanted the same privilege, to allow loans to be repayable within 145 months rather than the current 144 months, in two or more equal or unequal installments rather than the current approximately equal or declining installments. The argument for the approximately equal or declining was some of the boys said that they didn't understand just what was approximately equal or declining and they didn't want to get into a problem of saying they had a loan made wrong because they didn't have it exactly equal or didn't have it exactly declining. So we changed it to equal or unequal. So if a bank or an industrial wants to go out and buy some of this paper, they don't have to worry about whether the payment is \$95 and \$95 and then maybe later it changes to \$115 under some program. They can do it. It also amends 88-23 relating to repayment of personal loans to provide that with the exception of mobile home loans all personal loans made under the banking act should be repayable within 145 months. Now this section currently provides all personal loans be repaid within 121 months in approximately equal or declining installments in equal intervals. So we are changing the 121 to 145, changing that equal or approximately equal or declining to equal or unequal to eliminate the confusion there, and that is essentially what the committee amendments do, as I say, bring in the industrials and clear that up, and once that is adopted, Senator Hefner can explain the balance of the bill himself.

PRESIDENT: Senator Hefner, would you wish to speak to the committee amendments?

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LB 214, 336

SENATOR HEFNER: Mr. President, members of the body, I rise in support of the committee amendments. I was not at the hearing when the committee amendments were presented but all this does is it would put industrial loans under the same criteria as the personal loans and the loans that the banks would make, and I guess what we are trying to do is make it fair for all the loan companies and put them all on the same basis. Therefore, I would urge the support of this amendment.

PRESIDENT: The Chair recognizes Senator Vard Johnson on speaking to the committee amendment.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I am going to need a little bit of help on this from Senator DeCamp.

PRESIDENT: Senator DeCamp, will you reply?

SENATOR V. JOHNSON: I guess the first question I really have, Senator DeCamp, is what if a loan by a bank is a personal loan or by an industrial loan and investment company is a personal loan, what is the maximum rate of interest that is allowable to that lender under the banking personal loan law or under the industrial loan and investment company personal loan law?

SENATOR DeCAMP: You mean existing law.

SENATOR V. JOHNSON: Yes, existing law, I just want to get a sense of what we are doing here.

SENATOR DeCAMP: I will tell you what. Why don't we do this? Why don't you give me about twenty minutes, go on to some other bills, and I will get you all the information you want.

SENATOR V. JOHNSON: That would be fair by me. I understand the problem, if that is okay by the body.

PRESIDENT: Well, we are just going to put it over until, Senator DeCamp, you get some information on it. Is that agreeable, Senator Hefner? Senator Hefner, if that is agreeable, we will just put it over and we will take it up as soon...Senator DeCamp, as soon as you get the information, please let us know so we can take it up again so we will just pass it over at this time. Mr. Clerk, then we will go on to the next bill.

CLERK: Mr. President, LB 336 offered by Senator Koch. (Read title.) The bill was read on January 19. It was referred to the Education Committee. It was advanced to General File.

will explain to those owners the procedure to be followed if they don't agree with the formation of the district. It will also call for publication by legal notices in the newspapers in the area. It was simply my intention to make sure that people whose property in many cases are affected by tremendous large amounts of assessments on their property were aware of the creation of these ordinances and were aware of these assessments in time to protest if they so desired. You will also notice that the length of time given them to file written protest to the city council was extended by ten days, from twenty to thirty days in an attempt to be more reasonable to the people whose property was being affected.

SPEAKER MARVEL: The Chair recognizes Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, if I could just, Senator Vickers, get a quick statement of intent from you. I assume with regard to the mailing of the notice it is required that it be mailed to the last known address of the owners of the record title and that is intended to be owners of record title as of the date of the passage of the ordinance. Is that correct?

SENATOR VICKERS: Yes, Senator Beutler, that is correct.

SENATOR BEUTLER: Thank you.

SPEAKER MARVEL: The motion is to advance the bill. Is there any further discussion? All those in favor of that motion vote aye, opposed no. Record.

CLERK: 29 ayes, 2 nays on the motion to advance the bill, Mr. President.

SPEAKER MARVEL: The motion is carried. The bill is advanced. Are we ready for 214E now?

CLERK: Mr. President, if I may right before that, your committee on Ag and Environment whose chairman is Senator Schmit to whom is referred LB 9 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File with amendments; LB 38 General File with amendments, (Signed) Senator Schmit, Chairman.

SPEAKER MARVEL: We will take up LB 214E.

SENATOR DeCAMP: Mr. President, members of the Legislature, the reason I held up on 214 was because I have always tried no matter what the bill is to make sure the Legislature

knows what they are voting on before they vote on it no matter what side I am on on the issue, and as I read the bill and the amendments and the committee testimony, I had some questions develop in my own mind as to maybe this was broader and deeper than we had originally anticipated and that maybe not everybody understood what the issue was including myself. I have done some research and I would like to try to explain what the current law is, how this would make changes and give you the arguments pro and con on both sides. First of all contrary to what everybody in the room including myself thought, personal loan is a special animal in the statutes in the way we have changed the law in recent years. It is not a sixteen percent loan necessarily. Quite the contrary, it is a special area of loan that occurs between sixteen percent and nineteen percent. Okay, so it is a minimum of sixteen and a maximum of nineteen. It is kind of a different area, number one. Number two, it is a loan that has to be repaid in two or more equal or declining installments. So Bernice goes in, she says to the banker, she says, "I want to borrow \$5,000 to fix up my house." The banker says, "Well, Bernice, we want to loan you the money but you know the usury rate is only sixteen percent and it is costing us more than that for money. We are going to make you a special loan. It is called a "personal loan" and you sign this contract." And you have a contract to go with this loan then. And so it would say in the contract Bernice Labedz agrees that she will pay \$2,500 on the first of March and \$2,500 on the first of July, or whatever but it is two or more equal or declining installments and it has a contract involved with it saying that and, finally, it has a limit of 121 months. Now what are we changing with the legislation, the proposals? Number one, we are leaving the interest rates the same. It is still that unique area between sixteen and nineteen percent. It is kind of outside where everybody thinks the usury laws are, gray area if you want to call it that, that you find out when you go to get the loan at the bank. We are changing the two or more equal or declining installments. We are changing that so it says two or more equal or unequal. So that is a complete opposite basically. Why does that make any difference? Well, it means, for example, you could have something called "balloon payments", which apparently you couldn't now. What is a "balloon payment"? Well, Bernice comes into the bank for that same \$5,000 loan and Bernice says, "I have got a pen of hogs and I want to borrow the money and I am going to feed them and fatten them up, and when I sell them I will have all the money." And they say, "Well, Bernice, we will loan you the money this time around. You are going to have a payment of \$500 the first of March, \$500 the first of July, and the balance of everything due, all \$5,000, \$4,000 or

whatever, when those hogs are ready, you can pay it all off and the rate is going to be nineteen percent." So a couple of things, first of all she is above where everybody thinks the usury rate is but she has a payment program she thinks she can live with. Balloon payments, I suspect personally, are going to be the wave of the future in financing. Particularly you are seeing them in land contracts and farms and everywhere else. I personally believe, I personally believe it is a good thing to implement in the law and have that. Why? Well, because there are all kinds of loans, let's say a mobile home, let's say even a house, you can name a number of things where you might not be able to make those payments but you would have a program to pay the whole thing at the end. And so it maybe offers a broader range of potential credit to the consumer. The argument on the other side is, well, but does it maybe get the consumer in deeper than he should be in some areas but this would change it so you would have the possibility of variable payments, let's say \$115 a month for the first six months. Let's say it has moved up to \$250 because then your wife is going to go to work after eight months or a year or whatever and so you would have more money or whatever. It would change the system now of equal or declining installments. It would say equal or unequal. Whatever they wanted to structure, they could have it \$1 a month for 144 months and then the 145th month the whole balance due, \$10,000 or \$20,000 or whatever. So that is the change we are making. Another change has to do with the length of time from 121 months to 145 months. Why do that? Because we already have got other laws having to do with installment loans particularly on mobile homes and things like that that have 145 months. So we are trying to make those uniform and one of the reasons for that is that the bank could then go out maybe and buy that paper and you would get the money flowing again. They would just go out and buy a loan that had already been made on a mobile home from some other lending institution. Now, we called this a personal loan law. That is what it is called but "personal" is maybe a word that doesn't apply because it could be to a corporation, it could be all kinds of anything. As long as it is not officially a commercial loan, it could fall under this law, this sixteen to nineteen percent rate. The final thing that we do in the bill then is we bring the industrials in, industrial savings and loan. As I told you, they said, "Me, too," and they want to be under the same laws and have the same rights and privileges and ability to make the loans. I want to repeat again basically what we are doing with the bill and with the amendments is changing the two or more equal or declining to two or more equal or unequal, whatever you want to make it. We are changing the length of time from 121 to 145 months,



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and we are having the exception on mobile homes, like I mentioned, that maybe Senator Hefner could deal with more, and we are bringing in the industrials. I urge you to adopt the committee amendments and then Senator Hefner can deal with the bill further if he chooses.

SPEAKER MARVEL: Senator Higgins.

SENATOR HIGGINS: Senator DeCamp, would you answer some questions for me?

SENATOR DeCAMP: I will attempt.

SENATOR HIGGINS: At the present time if you buy a mobile home, are there any laws stating how they must be financed? In other words, right now is there any law that says they have to make a monthly payment every month or is there a law that says they have to make a payment every six months? Do the banks have any real....

SENATOR DeCAMP: It depends on where you finance a mobile home now remember. You are talking about going to the bank and borrowing money for your mobile home. It is 121 months at the bank. Somewhere else....

SENATOR HIGGINS: That is the maximum they will loan is 121 months.

SENATOR DeCAMP: The maximum they are allowed to loan and it has got to be repaid within the 121 months by law.

SENATOR HIGGINS: At the present time, are they allowed to say, "All right, you have got up to 121 months to pay this. You can make annual payments every year, instead of making a monthly payment, make one payment a year."

SENATOR DeCAMP: I guess they could do that. It would be two or more equal or declining so you would have to arrange something like that. You could do something like that, yes.

SENATOR HIGGINS: Well, two or more wouldn't be one a year.

SENATOR DeCAMP: Two or more installments.

SENATOR HIGGINS: In a year? In other words, you could not borrow (interruption).

SENATOR DeCAMP: No, it doesn't have to be within a year, for the period and the life of the loan.

SENATOR HIGGINS: For the 121 months?

SENATOR DeCAMP: Let's assume you made, you used the maximum, 121 months, okay? And the bank said, "Look, George, you

aren't wanting to make these monthly payments. January 1st every year you come in and you pay us \$1,000 and it will be paid off exactly in 121 months."

SENATOR HIGGINS: At the present time, are they allowed to make balloon loans?

SENATOR DeCAMP: I don't believe so. I say I don't believe so because I am not sure that all the people making loans are aware of that and they might have done some.

SENATOR HIGGINS: My question is I don't think I understand the purpose of the bill because it sounds like they can loan money right now in just about any manner they want except a balloon type loan unless it is just to extend the length of time you loan money on a mobile home. Is that the purpose of the bill, just to give them more time to pay off the loan?

SENATOR DeCAMP: That certainly is one of the main purposes. Remember, there is another law having to do particularly with mobile homes that says they can use 145 months so we are giving the banks that same privilege, right, responsibility, also. A bank then could go to somebody that had sold this other paper, made this other loan, and they could say we will buy that. Now obviously, the bank isn't going to buy it at 145 months if they are allowed only 121 months.

SENATOR HIGGINS: So the purpose of the bill then is to extend it, the length of time of the loan.

SENATOR DeCAMP: The purpose of the bill is to extend the time limit and make that uniform and clear up this issue of equal or unequal installments. One of the effects that I stated, so everybody knows that I am saying it is in there, is that it would allow the concept of balloon payments clearly. It would eliminate all this issue of whether it is or isn't and I claim it is not allowed now and would allow that. Somebody might make you a loan or let me put it this way. You might not be willing to borrow money for 145 months or 121 or whatever number you want to pick where you had to make a monthly payment of \$500 a month. You might be willing to accept the same loan and feel it was satisfactory to you and you could repay it if you knew that you only had to make a \$100 a month, but at the end of the period, you could pay the whole thing off because you might know you could either sell the property, you would have income from somewhere else, for whatever reason, it might be a loan you could accept under one condition and survive and another one you might not accept.

SPEAKER MARVEL: Senator Higgins, you have a minute.

SENATOR HIGGINS: Thank you. Under the same circumstances, at the end of the period of time when a balloon payment would come due, the bank would then be in a position to rewrite that loan, correct?

SENATOR DeCAMP: That is correct. I suppose they could.

SENATOR HIGGINS: Which is probably the purpose of balloon loans anyway sometimes because people can't make the full payment and then they have got a new loan to go at.

SENATOR DeCAMP: That is one of the ways a lieu of payment is often used.

SENATOR HIGGINS: Is there anything in this bill that says that the interest rates will escalate or deescalate with the prime rate?

SENATOR DeCAMP: No, it has nothing to do with that whatsoever.

SENATOR HIGGINS: Thank you very much, Senator.

SENATOR DeCAMP: As I say, the rates are specified in statute between sixteen and nineteen percent.

SPEAKER MARVEL: Senator Kremer.

SENATOR KREMER: Mr. Chairman, first of all, I would like to correct a statement made by Senator DeCamp. Senator DeCamp, I understood you to say that when Bernice sells her hogs she will have some money to pay off the loan. Now that is not a true statement because they have ate everything up in feed, there is not going to be nothing left. Senator DeCamp, I do rise on my feet to support the bill proposed by Senator Hefner. Right now today the purchases of mobile homes are at somewhat of a disadvantage. It does lengthen out the time and Senator DeCamp made that plain. I am in support of the bill and stand on my feet to do so but, Senator DeCamp, the hogs will not have any money left.

SPEAKER MARVEL: Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, a question for Senator DeCamp, if I may.

SPEAKER MARVEL: Senator DeCamp.

SENATOR BEUTLER: With regard to the question of equal or

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declining payments, as you mentioned it will allow balloon payments. Generally speaking, aren't we allowing for a more speculative type of credit to exist if we do this?

SENATOR DeCAMP: I think I used...I maybe highlighted that in my example to Marge Higgins. A loan that she might not feel she could make or she might not be able to make the payments, she might full well be willing to try to take on or do if she believed her main responsibility was just to get the \$100 a month rather than \$500, looking to three or four or five years ahead rather than to the immediate future. So arguably balloons allow more speculative things, I would have to say, yes.

SENATOR BEUTLER: Thank you.

SPEAKER MARVEL: Senator Labedz.

SENATOR LABEDZ: Thank you, Mr. Speaker. I just wanted to tell Senator DeCamp what I know about hogs I would be broke in twenty-four hours. The only thing I know is they bring them to South Omaha to slaughter them. Thank you.

SPEAKER MARVEL: Amendment on the desk. The Clerk will read.

CLERK: Mr. President, Senator Beutler moves to amend the committee amendments: (Read Beutler amendment as offered on page 486, Legislative Journal.)

SPEAKER MARVEL: Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, the amendment does exactly as the Clerk says. The bill, the committee amendments and the bill itself with regard to different areas provides for declining payments which means that you can have small payments at the beginning and one large payment at the end and my feeling is basically this. Economically we are in for some tough times the next ten to fifteen years, I think. There are going to be lots of people with lots of financial problems, and rather than changing our credit to encourage a more speculative type of credit in this period of time, I think we should leave the law the same or make it more difficult to get credit. I think one of the problems that we have is that we go a little overboard in this country on credit, but if you put this kind of a law into effect, it will allow bankers, it will allow people taking out loans to say, "Well, I know I don't have the financial wherewithal to make these payments evenly throughout the period of time." And I tell you if you can't do that, you probably shouldn't be getting

the loan in most cases, and so they are going to be guessing on what happens when the balloon payment comes due ten or fifteen years down the line, and maybe we will turn out all right under that sort of system, I am not sure, but it could be it would cause a lot of people a lot of problems and the system a lot of problems and I guess I just have a financially conservative feeling in this regard and believe that the system of equal or declining payments is a much stabler system than allowing a widespread use of balloon payment type credit. So I would ask you to delete from the committee amendments that provision which allows for balloon payments. Thank you.

SPEAKER MARVEL: We are speaking to the Beutler amendments to the bill. Senator DeCamp, do you wish to be recognized?

SENATOR DeCAMP: Mr. President, I oppose the amendment to the amendment or oppose the amendment to the committee amendments. I believe the flexibility given is important to the banker and maybe even more important to the person wanting to borrow the money, and arguably, and I agree, there is the possibility that a venture, a loan that a person felt he could not or would not want to go into under one circumstance, he might well want to do under a balloon payment system. Almost all of your land contract sales which you farmers are familiar with that are occurring in the area of selling farms and selling real estate, almost everyone of them anymore, has the system of a balloon payment. It allows flexibility to do as follows: Number one, maybe the person intends to remarket the property or refinance under better conditions when interest rates are lower, they hope. Now they may or may not go lower, interest rates, but at least it gives that person the flexibility to say, "Look, I am willing to pay my high interest now but I want to have that flexibility to refinance and hope that I get a better deal." It may get a worse deal. Heck, interest rates may go up. But as I say, it gives the flexibility. It is going to make available some financing that would not be available otherwise and I believe it should be allowed to the individual the same privileges that basically you would be able to get from a business or industrial or a loan like that. So I would urge that you reject the amendment and accept the committee amendments. I might add that Senator Beutler's amendment, just for the heck of it, isn't involved in the committee amendments. That is in the original bill so you are amending the wrong thing and I thought it was only fair to tell you this in advance.

SPEAKER MARVEL: Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, I rise

to oppose the Beutler amendments because I, too, believe that we need to help some of these people out. This way they would be able to borrow the money on a personal loan and choose to pay a balloon at the end of this period and I think this would be okay because they would know what that final balloon payment would be. Whether the bank or another loan institution would reloan the money is a question but maybe this individual that was borrowing on a personal loan would have...would be able to receive an inheritance or find some money some other place and would be able to pay it off. Therefore, I would urge you to oppose the Beutler amendment.

SPEAKER MARVEL: Senator Beutler, do you want to close on your amendment?

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, I think that the two competing philosophies have been expressed and I am not sure there is much more to say about it. I would correct one thing, though, with regard to Senator DeCamp's assertion that I should be amending the bill and not the committee amendments, that was incorrect. The committee amendments contain similar language with regard to industrials and the types of entities involved in the committee amendments so it will be necessary to amend both the committee amendments and the bill. If by chance you should adopt this amendment, then it will be necessary to amend the bill also but it is necessary to amend the committee amendments if you agree with my philosophy. Thank you.

SPEAKER MARVEL: The motion is the adoption of Senator Beutler amendments to LB 214. All those in favor of that motion vote aye, opposed vote no. Have you all voted? We are voting on the Beutler amendments to LB 214. Have you all voted? Last time, has everybody voted? Okay, record the vote.

CLERK: 12 ayes, 23 nays, Mr. President.

SPEAKER MARVEL: The motion lost. What is the next item? The motion is now the adoption of the committee amendments to LB 214E. Is there any further discussion? All those in favor vote aye, opposed vote no. Record the vote.

CLERK: 28 ayes, 6 nays, Mr. President, on the adoption of the committee amendments.

SPEAKER MARVEL: The motion is carried. The committee amendments are adopted. Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, I will try to explain the bill a little more thoroughly now. I think Senator DeCamp got into it when he was explaining the amendment but this bill, LB 214, would amend the personal loan definition contained in our Banking Act. The provision of current law defines a personal loan as being repayable in two or more equal or declining installments within 121 months. This bill amends this definition so that the personal loan would mean a loan repayable in two or more equal or unequal installments payable within 145 months instead of the 121 months. Also this bill would add to the same section that the personal loan definition shall include loans for mobile homes even if they are not payable in the 145 months. This change as provided in this bill is intended to make these contracts more marketable and to provide clearer bank authority for their purposes. In other words, we would be helping the person out that would want to buy a mobile home. And, of course, with the amendment that we just approved, we would include the industrial loans, and so now we have the industrial loans, personal loans, and the small loans all on the same basis. And a personal loan, just let me define it one more time. A personal loan is a loan that is not a commercial loan or not an agricultural loan. I, therefore, move LB 214 to E & R Initial.

SPEAKER MARVEL: Senator Fowler.

SENATOR FOWLER: A couple of questions of Senator Hefner. I guess I have some of the same questions perhaps Senator Higgins does and that is why exactly the mobile home section in this bill? Currently, if I was to purchase a mobile home and wanted to get a loan, what type of loan would I have to get? What would be the interest rate that would be charged on that loan? And what would be the maximum period of payment on that loan? And then how would this bill, how would it differ if I went and got a personal loan for a mobile home?

SENATOR HEFNER: Okay, Senator Fowler, the way I understand this bill or my intent is that if you got a personal loan to buy a mobile home, then you could go...at the present time it is 121 months, this would extend it to 145 months, or if a lending agency would want to go longer with you, they certainly could. Also you would be able to have a balloon payment at the end of the period.

SENATOR FOWLER: Are you saying under current law that you could get a personal loan for a mobile home?

SENATOR HEFNER: If you got a personal loan for a mobile home,

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you would have to pay it off within 121 months.

SENATOR FOWLER: Right. What other mechanism is there to secure financing for mobile homes? Was my original question, what was the mechanism, what was the interest rate under that system and the length of time.

SENATOR HEFNER: We are not changing the interest rate in this bill. I think at the present time the rate on personal loans is from or in the range of sixteen to nineteen percent.

SENATOR FOWLER: Okay, but my question is, is there another type of loan that the law allows for you to purchase a mobile home than the personal loan?

SENATOR HEFNER: I don't have the answer to that question.

SENATOR FOWLER: Okay, does anyone? Does Senator DeCamp have the answer to that? Senator DeCamp is here. He over on the side hiding behind the pillar. I guess I would ask anybody is there another financing mechanism for mobile homes? If so, what is the...than personal loans...if so, what is the interest rate on that and the length of time that is allowed under the law?

SENATOR DeCAMP: Well, any variety of things. For example, if the mobile home is more than \$25,000, usury laws don't even apply. You can do whatever you want, basically. That is about where mobile homes are getting to be. You have the 145 month law, the installment sales law that a lot of, I would guess, most mobile homes are sold under and you are in that range of sixteen to nineteen I believe there. Industrials, well, we are putting industrials in this one. You could go out and simply borrow money independent of the mobile home and pay for it and then repay that loan separate without even using the mobile home as security so just any variety of things. Savings and loan, I suppose, yes, they have got powers to loan money, too, now unsecured, in fact. You could do that.

SENATOR FOWLER: Okay. Then I guess I had the question that I asked Senator Hefner, can you now get a personal loan for a mobile home? Does this law change that? Is it currently that you cannot get a personal loan for a mobile home? So what is the reason for the insertion of the language with regards to mobile homes in this bill? Is that to allow a longer payment period than 145 months?

SENATOR DeCAMP: I tried to touch on that. Two reasons, one, to extend the payment to make it uniform with other financing;



two, to allow them to buy mobile home paper.

SENATOR FOWLER: Okay, my next one, how long does it extend the payment period to? What would be the maximum for mobile homes under this bill?

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Say the question again so I can know exactly what you are asking.

SENATOR FOWLER: Under this bill, if you got a personal loan for a mobile home, what would be the maximum length of time allowed under law for a repayment of that loan?

SENATOR DeCAMP: It would be over the 145 then, mobile homes specifically.

SENATOR FOWLER: So there is no maximum in the law.

SENATOR DeCAMP: None in the law.

SENATOR FOWLER: Thank you.

SPEAKER MARVEL: Senator Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I have to admit that I have sat silent this morning being somewhat torn on this bill. I suppose it may have come up more quickly than I had anticipated and wasn't able to get my thoughts together as to how I personally wanted to vote or wanted to respond to this piece of legislation. Maybe all of us are like that, I don't know. I believe at this time it would be my inclination and intention to oppose the legislation and the reason I would oppose it is this. You and I in this state and in this nation are buffeted by some tremendous economic winds and one of the real economic winds that is affecting us are the policies of the Federal Reserve Board to attempt to control inflation through raising constantly the rediscount rate, and as the cost of money goes up for the banks and other lending institutions, then so, too, do our interest rates in general go up. As our interest rates in general go up, then so, too, does the pressure come from lending institutions for us to increase usury ceilings and for us to make changes in lending policies and in lending programs to fit what are considered to be current economic circumstances. Now to the extent that we continue to make credit available particularly on the personal loan side, particularly on the personal loan side, we continue in effect to fuel the inflationary fires. It is in my opinion only when

we begin to really restrict the availability of that credit and we begin to hunker down on the availability of credit, on the personal loan side in particular because there we are really talking about the purchase and sale and the financing of consumer goods, do we get at one of the important elements of the inflationary spiral that we are now in. Now what LB 214 does, though it does not raise the lending ceilings for personal loans, they are still at nineteen percent, it does make personal loan transactions a little less restrictive by allowing the bankers or the industrial lenders to cast those transactions really in terms of a variable interest rate. I mean they could cast a transaction by saying we will finance this particular purchase and sale of a mobile home for say four years, and at the end of four years, there will be a large balloon payment which means simply four years later you come back and renegotiate, and if the rate of interest is much higher then, of course, you have to pay more money. If it is lower then, maybe you can renegotiate a lower. But they continue in a sense to make credit available in these very difficult economic times. I am not opposed to the availability of credit to our manufacturers, nor am I opposed to the availability of credit to our farmers, nor am I opposed to the availability of credit to our home-builders and to our entrepreneurs but in this area we are not talking about that. We genuinely are talking about the consumer, the car buyer, the furniture, people who go out and buy household goods, people who buy major appliances and people who buy mobile homes, and I think that in terms of the inflation that you and I are in, we are better off if we can begin to throttle down that highly fueled economy, i.e., the purchase and sale of consumer goods and that means to keep credit restrictive because that will have an ultimate effect on our inflationary fires. Now in more sanguine times when we have more stability in our lending institutions and an extension of credit, then I think you and I can take a more honest look at this kind of a change and I think we might come to a different conclusion, but to me we are operating in a maelstrom. I think the whole credit area has been really in turmoil in the last year in particular and I don't think that we should move with haste. So I believe at this time the appropriate vote is to vote against 214. If circumstances change either for the better or for the worst or more importantly if they stabilize, then we can take a different look and I think it would be appropriate at that time but I think we act prematurely and hastily for us to undo a longstanding law. This personal loan law is a law of some standing and the concept of equal and declining payments is a concept of longstanding. It isn't something that just came up overnight. It has been here for many, many years, and I think before we repeal it, we need to wait for more stable, less trying, less difficult economic and credit

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circumstances. I do not personally believe that we will have injured, we will have injured this state by continuing somewhat restrictive personal loan laws whereas we might have some negative effect on the state if we were so restrictive in the agricultural credit area or in the commercial credit area but I don't think that is true in the personal loan law area and, in fact, it seems to me that we contribute to the fight against inflation by keeping credit practices in this area (interruption).

SENATOR CLARK PRESIDING

SENATOR CLARK: Senator Johnson, your time is up.

SENATOR JOHNSON: Thank you, Senator Clark.

SENATOR CLARK: The question before the House is the advancement of LB 214 to E & R. All those in favor vote aye, all those opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted? Record the vote.

CLERK: 26 ayes, 8 nays, Mr. President, on the motion to advance the bill.

SENATOR CLARK: Motion carries. The bill is advanced.

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SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Monsignor Charles J. Keenan of the Blessed Sacrament Parish, Lincoln, Nebraska.

MONSIGNOR KEENAN: Prayer offered.

SPEAKER MARVEL: Roll call. Will you please record your presence. Have you all recorded your presence? Record the vote.

CLERK: There is a quorum present, Mr. President.

SPEAKER MARVEL: Do you have some items to read into the record?

CLERK: Yes, sir, I do. Mr. President, your committee on Enrollment and Review respectfully reports that we have carefully examined and reviewed LB 336 and recommend that same be placed on Select File with amendments; 336A Select File; 33 Select File; 96 Select File; 31 Select File, 214 Select File, 120 Select File and 85 Select File with amendments, (Signed) Senator Kilgarin, Chair. (See pages 512-513 of the Legislative Journal.)

Mr. President, your committee on Banking, Commerce and Insurance whose chairman is Senator DeCamp to whom is referred LB 195 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File with amendments; 272 General File with amendments; 273 General File with amendments and 355 General File with amendments, (Signed) Senator DeCamp, Chair. (See pages 512-514 of the Legislative Journal.)

Mr. President, your committee on Enrollment and Review respectfully reports we have carefully examined and engrossed LB 14 and find the same correctly engrossed; 18, 41, 51, 64, 65 and 121 all correctly engrossed.

And finally, Mr. President, I have a lobby registration report covering the week of February 6 through February 11, 1981. (See page 515 of the Journal.)

SPEAKER MARVEL: Okay, we will go to item #4, introduction of new bills.

CLERK: Mr. President, Senator Nichol moves to suspend Rule 5, Section 5 so as to permit the introduction of Request 889 by himself.

SPEAKER MARVEL: Senator Nichol.

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LB 31, 33, 96, 214

PRESIDENT: Motion to advance LB 33 to E & R for Engrossment. Any discussion? All those in favor signify by saying aye. Opposed nay. Now that is better. LB 33 is advanced to E & R for Engrossment. LB 96.

CLERK: Nothing, Senator.

PRESIDENT: Senator Kilgarin.

SENATOR KILGARIN: I move LB 96 be advanced to E & R for Engrossment.

PRESIDENT: Motion to advance LB 96 to E & R for Engrossment. Any discussion? All those in favor signify by saying aye. Opposed nay. LB 96 is advanced to E & R for Engrossment. LB 31.

CLERK: Nothing, Senator.

PRESIDENT: Senator Kilgarin.

SENATOR KILGARIN: I move LB 31 be advanced to E & R for Engrossment.

PRESIDENT: Motion to advance LB 31 to E & R for Engrossment. Any discussion? All those in favor signify by saying aye. Opposed nay. LB 31 is advanced to E & R for Engrossment. LB 214.

SENATOR KILGARIN: There are amendments?

CLERK: There are E & R, Senator.

SENATOR KILGARIN: I move the E & R amendment to LB 214.

PRESIDENT: Motion to adopt the E & R amendment on LB 214. Any discussion? All those in favor signify by saying aye. Opposed nay. The E & R amendments are adopted on LB 214.

CLERK: Mr. President, Senator Johnson now moves to indefinitely postpone LB 214. Pursuant to our rules, that will lay the bill over.

PRESIDENT: Okay, that will be held over. That was just put on the desk?

CLERK: Yes, sir.

PRESIDENT: So that is held. LB 120.

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LB 214

PRESIDENT: So we will go on to the next bill. The next bill is LB 214.

CLERK: Mr. President, 214 was considered by the body. There were E & R amendments adopted on February 17. At that time Senator Johnson made a motion to indefinitely postpone the bill and that is presently what is pending, Mr. President.

PRESIDENT: So properly before us is the motion to indefinitely postpone. The Chair recognizes Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I did move last week, I believe it was, that...no, it was earlier this week that LB 214 be indefinitely postponed and I did it for these reasons. This country is engaged in a tremendous war right now against inflation. Last night we heard from our President about what he as a President intends to do to combat the inflationary pressures in our country, how he believes that the Kemp-Roth tax cut program will ultimately cause this country to become more productive, cause greater development which in turn will curb inflationary fires, how he believes that cutting federal expenditures and cutting the federal regulatory process will also curb inflationary fires. Now it doesn't make a lot of difference in my mind whether one agrees or disagrees with those points of view. The truth of the matter is that the President correctly realizes inflation is the number one problem in our country today and must be dealt with and must be dealt with with alacrity. Well the Federal Reserve Board has likewise been fighting inflation and its fight against inflation is done in the only way it can do it and it is by curbing credit. What it does very simply is that it raises the federal rediscount rate so that when bankers and other credit extenders go to the Federal Reserve Board for their own money they have to pay higher prices for the money and in paying those higher prices they must then charge their customers more money in higher interest rates and because their customers can't afford those higher interest rates they don't borrow and the credit curtailment basically leads to deflationary pressures. Now as we well know it has had a tremendous effect at this time on home building. Home building has been dramatically reduced by virtue of the Federal Reserve Board actions but one of the major areas that the Federal Reserve Board wants to affect is in consumer credit because it is we consumers that are going out and buying the new automobiles and the new washing machines and a lot of other things at higher and higher and higher prices that continue to keep up the supply push side of inflation. Now

LB 214 is a very legitimate bill from the banking and industrial loan community. LB 214 says, holy smokes, our cost of credit has gotten so severe that we in turn are going to have to have some restrictions removed on our ability to make loans to consumers, otherwise we can't make attractive loans to consumers. I can appreciate that point of view. I don't have a lot of difficulty with that point of view but the truth of the matter is that when you and I become relenting and when you and I allow the banks and the industrial loans to continue to make credit available to consumers, you and I continue to add fuel to the inflationary fire. So it is for that reason that I have filed a motion to kill LB 214, however, after I filed this motion to kill the bill I spent some time talking with banking officials and the thing that disturbed me more than anything else was the realization that our Congress has authorized federally chartered savings and loans to make personal loans and to make personal loans with uneven payment schedules, that is to make personal loans with balloon payments in them and they have to have regular payments but at least the dollar amounts can fluctuate and not only did the Congress authorize federal savings and loans to engage in those kinds of transactions but of course, we in Nebraska annually allow the state savings and loans to do exactly what the federal savings and loans have authority to do. So that means very simply that this battle is already lost. It has been lost because Congress has authorized another major credit extender to engage in exactly the kind of credit transaction that I personally would oppose at this time for inflationary reasons. So I say to myself, how can I in good conscience, how can I in good conscience take a step which would prevent one of our major lenders from competing on an equal footing with another major lender, i.e., savings and loans, and it seems I cannot do that. If I were in Congress, which I am not, I undoubtedly would have fought the personal savings and loan transaction but I wasn't there, nor were you there. I suspect you might have done the same thing, it is hard to say, but the truth of the matter is until all of us in this country march in one direction to fight this war on inflation it is going to be a hard war to win and Congress wasn't marching in the right direction at that time. Because it wasn't doing so, the horse is already out of the barn and I think it would be wrong for us to try to keep the horse in the barn with respect to the banking and industrial loan community. So it is for that reason, Mr. Speaker, that I would ask unanimous consent at this time to withdraw my kill motion.

PRESIDENT: The motion is withdrawn. Anything further on the desk on LB 214, Mr. Clerk?

CLERK: Mr. President, Senator Johnson has amendments to the bill.

PRESIDENT: Senator Johnson.

SENATOR V. JOHNSON: Mr. Speaker, I do have a fairly lengthy package of amendments to the bill which are really fairly technical and do not do anything of substance to the bill but they are being photocopied and the photocopying has yet to arrive on the floor so I can pass them out to the members so I would ask the Speaker's indulgence to pass this matter over for a few other items on the list and then come back to it.

PRESIDENT: We have another amendment on the desk. We can go to the next amendment if you want.

SENATOR V. JOHNSON: That will be fine by me. We can maybe come back to this.

PRESIDENT: Proceed, Mr. Clerk.

CLERK: Mr. President, Senator Fowler moves to amend the bill: "To restore the maximum period of time for a loan to a hundred and twenty-one months."

PRESIDENT: The Chair recognizes Senator Fowler.

SENATOR FOWLER: Mr. President and members of the Legislature, this bill does several things and I guess I do not feel that the bill had adequate discussion or information on General File with regards to what it does nor the necessity for it. Among the things that this bill does is lengthen the term for which these loans can be offered from a hundred twenty-one months to a hundred forty-five months. It also then deals with the balloon payment question that Senator Johnson raised. Well I thought it might be valuable to see what the impact on the consumer was of this change and so with the cooperation of the banking staff working with the Banking Department developed what you might call an interest impact statement, that is under this extension of time, how much more interest would a consumer have to pay on a loan of a certain amount and I have had handed out to you a sheet of paper, it has my initials up in the corner, that statement and it is taking a \$15,000 loan, arbitrary figure, and applying the maximum term under current law and the maximum interest rate and the maximum term is one hundred twenty-one months and that interest rate is 19% to see three things. What is the monthly payment, what the total payment to be and how much of that is



interest. Now under the current law the maximum, the monthly payment, now this is talking about equal payments, not this balloon payment concept but the equal payment. If you did it in equal payments you would pay \$279.22 a month. The total payments would total \$33,785.62 and the interest cost for that loan would be \$18,785.62. Now if we add two more years to the maximum length of time that would be allowable for these loans the loan amount is \$15,000. The period of time, the only thing we change is to raise it to one hundred forty-five months, keep the interest rate at 19%, the monthly payments drop a little to \$264.62, they drop around \$15.00 a month to reflect the longer length of time. The total payments go up to \$38,369 and the interest cost goes up \$23,369. So then on a \$15,000 loan the interest cost would go up from \$18,000 to \$23,000. Essentially by extending the length of time, the maximum length two years, we have increased the amount of interest that we Nebraskans could pay \$4,600. We have almost made it so that, well in fact, the interest is 50% again as much as the value of the loan, a \$15,000 loan you would end up paying \$23,000 interest and that is the with the length of time. Now you add to this the option of balloon payments where you end up paying more at the end and, therefore, you are paying less principle as time goes on. The interest cost could even be higher and as the bill is written, I'm not sure but with mobile homes there is, in fact, no limit on the length of time and then we have to ask ourselves how much even greater interest is going to be extracted. If we are going to talk about inflation and inflationary aspects I think increasing the maximum amount of interest on a loan from \$18,000 to \$23,000, a 33% increase in the amount of interest is something that should be taken a hard look at. I do not think that the financial institutions have really justified the rationale for extending the length of time on these loans. These limits are written into law for reasons and I think that before we change those there needs to be more justification. So I move that we go back to one hundred and twenty-one months, a twelve year period for these loans. I think in so doing we could save consumers \$4600, \$4700 in interest. I move the adoption of the amendment.

PRESIDENT: The Chair recognizes Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, I would have to rise to oppose this amendment by Senator Fowler and the reason that I oppose it is because it was the intention of this bill to lengthen a hundred and twenty-one payment plan to a hundred and forty-five months. This would be a two year extension and the reason that we want to lengthen this is so that more

loans will be available to the people that need them and I think this was a fair bill and it is true that we do have the balloon payment on now and I think at this present time those customers that are applying for these loans and need these loans need the balloon payment deal and they also need the extra two months. Senator Fowler said we put no limit on a contract or a loan on a mobile home and this is true, but I am sure that the customer knows this in the contract that he signs with this financial institution, therefore, I would urge you to oppose this amendment.

PRESIDENT: The Chair recognizes Senator DeCamp. The Chair recognizes Senator Goodrich.

SENATOR GOODRICH: Mr. President and members of the body, I just wanted to add a couple of comments relative to the comments that were made by Senator Fowler regarding these loans and the effect of these loans. First of all, let me state that I have no problem at all with LB 214. I intend to fully support the bill. I see nothing wrong with balloon payments. I use that kind of financing structure quite frequently. Whenever I need to acquire a piece of equipment before I am really ready to pay for it, this is the ideal way to buy it, to buy it in such a way to get the lowest minimum output of dollars until you have say finished a contract and you have got the money with which to buy the equipment to pay it off. That balloon payment structure is made just ideal for that kind of an acquisition. I think that should be available to everybody. Now as far as what Senator Fowler points out here which is absolutely correct, mathematically correct, but the one point that did not come out and I thought the body ought to know about it and that is the fact that the average loan in an installment loan operation only stays on the books for about 62% of the time that it was originally set up for. In another words if you set up a hundred loans on the books for say, a hundred and forty-five months, at the end of 62% of the time half of those loans will have been paid off. So the fact that you set up a loan for a hundred and forty-five months doesn't mean that it is going to go that long or even if we set it up for a hundred and twenty-one months it doesn't mean it is going to go that long but at least you make it available to the public and I don't really see anything wrong with making the additional plan available for the convenience of the public. I wholeheartedly support LB 214.

PRESIDENT: The Chair recognizes Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I

rise in support of Senator Fowler's amendment and his amendment in many respects is a relatively innocuous amendment because by virtue of LB 214 the passage of which is probable, any lender will be able to put a balloon payment at the end of the loan. So if you have a hundred and twenty-one month loan you can put a balloon payment at the end of the hundred and twenty-first month so that the balance then comes due. Now right now LB 214 would require a loan to be or would say that the maximum period of time for a personal loan accepting loans for mobile homes would be a hundred and forty-five months. The existing law is a hundred and twenty-one months but with the balloon payment provision which is undoubtedly going to stay in LB 214, there should not be any major problem in going to a hundred and twenty-one months but the value in keeping a shorter period of repayment time, in my opinion, is that it may well serve as a cautionary device for both bankers and consumers, for industrial lenders and consumers and the cautionary device is this. It may cause people to think about the large transaction in terms of a hundred and twenty-month repayment schedule and if that is what is considered, that would mean probably a higher monthly payment amount for both principle and interest than a hundred and forty-five month payment schedule would be and it is important, in my opinion, that the monthly payment amounts be relatively substantial so that persons will not foolishly incur debt during these inflationary times. I get back I guess to my old whipping boy and that simply is that you and I need to do what we can do to curb inflationary pressures and by keeping consumer credit relatively tight, I think that we make a contribution in that line. Right now in this country the rate or personal savings to income is 4%. We have the lowest personal savings rate of any western nation. Only 4% of our personal income is saved. This compares to Japan's 20%, to Germany's 16% and what this very low savings rate means for our country is that we don't have private dollars to invest in capital assets. If we have a bill which in a sense requires repayment schedules to be relatively high thereby discouraging borrowing, what we are encouraging is the deferral of consumer purchases and if we encourage the deferral of those purchases it means that people will have a tendency to save more of their personal income for tomorrow or for the consumer purchase and the higher savings that we have, then the more money we have to invest in capital assets and I think that is what this country needs. In my opinion it is a fairly minor amendment that Senator Fowler has offered but it is a good amendment and ought to be supported.

PRESIDENT: Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature, I oppose the amendment. You knew that was coming, huh? I oppose the amendment and let me explain what hasn't been explained to you. Number one, remember the reason we are extending this for banks and industrials or whatever, the reason we are doing that is so that they can buy paper that has already been sold at a hundred and forty-five months under other laws. That is one of the main reasons. So, my good friend Marge, she went out, went to Clark's Mobile Home Company and she bought herself a mobile home and she looked at her payments and so on and so forth, and said, well what is the longest term or the lowest payments I can get to buy this home that I want? And they said, well if we would go at a hundred and twenty-one months it will be this much. If we go at seventy months it will be at this much. If we go at a hundred and forty-five months, which they are allowed to do, we can arrange it and your payment will be \$195.00 a month. She says, well, then I am going to have to be paying for a hundred and forty-five months and yes, she knows she is paying a bundle of interest but she has got her payments at something she can live with so she buys the home. Then Clark or whoever he financed it through for the hundred and forty-five months, they go to Cal Banker over there. Cal says, what have you got to sell me and they say, well we will sell you this paper and this is a hundred and forty-five month paper, a hundred and twenty-one month paper, do you want to buy it? Cal says, yes, I've got a little extra money in my bank from the County Treasurer who put funds in here at 5%. Anyway, so Cal, he buys the paper but Cal is not going to buy that paper unless he knows he has got that hundred and forty-five month law. He is not going to buy something that is going to get him in trouble. Now once he buys that paper, Bobby or whoever he is working with has money again to keep the economy rolling, keep more houses sold, keep financing going. So that is the reason for the hundred and forty-five months to make that available and uniform. But on the point of interest Stevie passed out something and it showed you pay more interest. I know this is going to shock Steve and I know this is a new revelation and it is a terrible lesson to have to learn but when you borrow money for longer periods of time they charge you interest. It is not a free situation unfortunately. So if you bought a car and you paid for the car in three years completely, you wouldn't be paying interest for five, would you? But if you had to pay over five years you are going to pay more interest. So when you add two years onto a mobile home at \$15,000 or some other loan, you are going to pay more interest. That is one of the miracles of the economic world is that the longer you owe money and are paying interest, the more you have paid in interest. It is a terrible lesson to have to learn.

PRESIDENT: The Chair recognizes Senator Higgins.

SENATOR HIGGINS: Thank you, Mr. President. Senator DeCamp, would you yield to a question or two?

PRESIDENT: Senator DeCamp, will you respond?

SENATOR DeCAMP: Sure, of course this is Senator Hefner's bill and I am merely advising or assisting.

SENATOR HIGGINS: Since you are advising, if I buy a mobile home and finance it for twelve years, if I want to sell it after six years would that loan be assumable like so many loans on regular houses are?

SENATOR DeCAMP: Okay, you are in a completely separate area and it would depend. They could make it that way or make any arrangements you wanted there. I would guess in almost every case they would either refinance it or arrange some assumption. I, personally just sold one and, I don't know, there were five or four years left and I just arranged with the bank that they would take the other fellow and I would stay on the paper but basically he assumed it, yes. That is a separate issue not really in the bill although.

SENATOR HIGGINS: In this bill are there any provisions for prepayment to pay the loan off in advance and if so, what kind of a penalty is there on it? Do you know? Or is there anything in the bill regarding that?

SENATOR DeCAMP: You have the general laws on that and one of the things I am hoping if Vard Johnson is listening, is that we address maybe the rule of seventy eights this year. You are familiar with the rule of seventy eights? We were going to redo that particularly on long-term loans. The rule of seventy eights becomes almost a cool killer and probably some bankers up there if there is any listening out there and some other people shudder when I say this but I wouldn't even be adverse to straighten it out on this bill and using this as the vehicle, I, personally. I know Vard is going to address one little aspect of it here in his amendment and I think nobody has any opposition to his amendment but the rule of seventy eights is what you are talking about, right, prepayment using that rule?

SENATOR HIGGINS: Right.

SENATOR DeCAMP: I am all for changing it quite frankly.

SENATOR HIGGINS: Thank you, Senator.

PRESIDENT: The Chair recognizes Senator Barrett.

SENATOR BARRETT: Mr. President and colleagues, I simply rise in opposition to the Fowler amendment. I think Senator Vard Johnson in his attempt to kill the bill said, in effect, that LB 214 is...will make attractive loans to consumers. He further said and I quote him, he has no problem with that. I think the amendment which will restore the maximum installments to a hundred and twenty-one months I believe, Steve, is a mistake. I believe that this does make attractive loans to consumers who want to take advantage of this type of a personal loan. I would, therefore, urge you to oppose the Fowler amendment.

PRESIDENT: Before we go to the next speaker, as a guest of Senator Richard Peterson from Norfolk, Lou Withmore, the Mayor, and Mike Nolan, the city administrator. Would they stand and be recognized. I presume they are over here under the South balcony. Welcome to your Legislature, gentlemen. The Chair recognizes Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, I would just like to clarify a few more things. In talking to a few of the senators I don't think they understand it entirely. Okay, at the present time we have the time sales law. This does allow the hundred and forty-five months and it does allow a no limit on a mobile home sale or a loan. And what this bill does now as amended, allows the banks and the industrial loan companies to buy the paper and of course when they are able to buy this paper it increases the competition and so the consumer theoretically will get a better deal when you have more competition and so I think Senator Fowler's amendment would put this back to a hundred and twenty months. It would stifle competition and I don't think we want to do this and besides, a customer signs this contract. He knows exactly what is going on. He knows what his payment is going to be each month. He knows that there could be a balloon payment at the end and he knows that it is for a hundred and forty-five months or longer, especially on a mobile home and I just wanted to clarify that for the body. I urge you to oppose the Fowler amendment.

PRESIDENT: The Chair recognizes Senator Goodrich.

SENATOR GOODRICH: Okay, Mr. President, members of the body, I just want to bring up three points for clarification and as Senator Higgins for example, asked for clarification on two points. One was that, are these loans assumable. Senator DeCamp pretty well answered that with the exception

that, Senator Higgins, if you assume one of these loans or if you let someone else assume your loan, I wanted to be sure that you remember that you are still liable on that loan even though I assume it from you, if I fail, you are still on the hook, even though I dispose of the merchandise they can come back for a default judgement against you. So the usual procedure and the safe procedure is you just go into the bank with me and make sure that I execute a new note or a new loan and take over yours, letting you off the hook as far as liability is concerned. However, that is not included in this legislation now. That is already in the statutes. There is another point that is already in the statutes though and that is also the other point you mentioned is prepayment. Yes, prepayment is provided already in the statute. You can prepay already any loan that you have got on the books. The final point though that I wanted to make on the floor here deals with a point that Senator Johnson was making and that is, what if, for example, the lender makes a loan with a balloon for example, on a mobile home with the balloon at the end of the hundred and twenty-one months? Well, first of all, regardless of what you put on paper as far as the statute is concerned the value of the security which is the mobile home itself is going to determine when the balloon is provided, whether it is provided and to what extent it is provided. It is the value of the mobile home at the end of twenty-one months will restrict what will be allowed by the lender in the form of a balloon payment. So it is not what we are putting on the books here as far as allowing balloons. It is the value of the merchandise being bought. That sets the true value or the true regulation of how much balloon payment, when it is allowed and for how much, that sort of thing. I just think we are confusing, for example, the fact that just because we put it on paper here that that is going to be the regulator of what loans and what form of loans are made when it isn't. It is the value of the merchandise and the credit of the individual. That is what is going to make the determination.

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: The Chair recognizes Senator Fowler to close on his amendment.

SENATOR FOWLER: Mr. President, I feel the need to clarify certain points as to what the amendment does and doesn't do. I do not touch the balloon payment concept. That is allowed to continue in the bill. So any sort of debate or discussion about the need for balloon payments you can disregard that because that is not touched. The other question was on

mobile homes. This bill removes any limit on the length of time for mobile home loans and I don't touch that and they can be unlimited, whatever. What I do touch is on the other loans is the question of whether they should be one hundred and twenty-one months which is the existing maximum or whether it should be a hundred and forty-five months and I heard two arguments as to why we should extend it. One is that some people are not able to get a loan and this is convenient for them to extend it. If you will look again at the figures that I provided. A hundred twenty-one month loan, the monthly payment is \$279 and I guess some people are arguing that this is on a \$15,000 loan that your monthly payment would be \$279 and somehow we need to extend the period so we can lower the monthly payment so that people can get a loan. Well how much are we lowering that monthly payment by extending the period? We are lowering it \$15.00. \$15.00 is all that this bill does in lowering the monthly payment. Now I don't think that that is such a big favor. I don't think that that provides that much convenience. What it does do is increase the amount of interest that is paid, \$4,600 in a length of time. Now who is this convenient for? Who is getting the benefit of this favor? Is it really making credit that much more accessible to the consumer or is it simply increasing the amount of return that financial institutions can get on these loans? Somehow I don't think this bill is for the consumer. I don't think the consumers came and testified for it. I don't think that some of the senators that have spoke for the bill or those who are known to stand up and defend the consumer, somehow I think the convenience is on the other side of the loan desk, not the consumer's side. The other point was Senator DeCamp's. He says, we got to keep the economy rolling. I would dare agree with Senator Johnson that maybe the economy is rolling a little too fast and that some very drastic measures have been proposed to try and slow down the roll of the economy. So I don't think that Senator DeCamp when he says we got to keep this economy rolling, is really following the national trend as far as philosophy, as far as economy. I think most people in America would agree that the economy is rolling so fast it may not be possible to stop it. So I really don't think that this change is for convenience and I don't think that we really want to keep the economy rolling. The final indicator that I think to me, tells me that I am on the right track with this amendment is that Senator DeCamp is willing to concede to Senator Vard Johnson an amendment that would change the rules on repayment, the penalty there. Now the Banking Committee statements aren't always the greatest in depth and the testimony provided by the banking industry is not always the most detailed and oftentimes



the only way you can judge how big the benefit is to the financial industry is how guilty is Senator De Camp feeling about the legislation. I would say that Senator DeCamp's willingness to accept Vard Johnson's amendment is an indicator of a certain amount of guilt about this bill, 40% guilt, that's pretty good, and that he is willing to give a concession to Senator Johnson in this bill because he feels uneasy about its sections. I would say again that if you look at the number, the interest impact statement if you will that I handed out, you will see that really you are only lowering the monthly payment \$15.00 but you are increasing the increase return \$4,600. This bill is not being introduced for the convenience of any consumers. I think we ought to go back to the previous law. I think the economy is rolling too fast and this is one effort perhaps that we in Nebraska can step forward and join others and say, let's slow the economy down a little. I would move for adoption of this amendment.

SPEAKER MARVEL: The motion is the adoption of the Fowler amendment to LB 214. All those in favor of the amendment vote aye, opposed vote no. Have you all voted? We are voting on the Fowler amendment to the bill. Have you voted? One last time, have you all voted? Okay, the Clerk will record the vote.

CLERK: 12 ayes, 22 nays, Mr. President, on the adoption of the Fowler amendment.

SPEAKER MARVEL: The motion lost.

CLERK: Mr. President, I now have an amendment from Senator Johnson.

SENATOR JOHNSON: Mr. Speaker, members of the body, the amendment is the one that I referred to a little earlier and asked to be passed out and placed on your desks. It is now on your desks. This amendment, Senator Fowler said that Senator DeCamp was conceding this amendment to me as a part of his expiation of guilt over what he was doing to the consumers of the State of Nebraska. Actually in the end this is not a significant concession. It really represents a technical change in the law. Last year as this body dealt with various interest limit increases we passed one bill, LB 279 and in passing that bill we said that as of October 1, 1981, when contracts were prepaid the method of calculating the amount of interest rebate could no longer be followed using the rule of seventy eights. And the reason we said that is because we knew that the application of the rule of seventy eights worked a detriment to the borrower and a

benefit to the lender and we just eliminated the use of the rule of seventy eights in the small loan industry and in some other industries so we went ahead and did the same thing with respect to the banking industry and the industrial savings and loan industry but a question has arisen and I have the letter in my hand from the questioner who says simply, "Did LB 279 which became law March 18, 1980, but with this provision not to be effective until October 1, 1981, did this provision affect contracts that came into being after March 18, 1980, but which might be prepaid after October 1, 1981?" And it is a legitimate question. The law is a little ambiguous on that point. I would not personally want a significant contractual change like the one we made on prepayment to have any kind of a retrospective application. It seems to me that it might be some constitutional problems with it. It might be deemed an impairment of contract and so what I have done with this amendment is to make it clear to the world that respect to any contract entered into before October 1, 1981, the rule of seventy eights can be used in terms of calculating the prepayment penalty or on the alternative, the actuarial method can be used. But with respect to those contracts that come into being after October 1, 1981, only the actuarial method can be used. This is a technical amendment. It deals with a little problem that arose because of the passage of legislation last year. I would ask your support.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Mr. President, indeed this is a good amendment and it does address a clarification of this rule of seventy eights issue and I strongly support the amendment and now I have absolved myself of any guilt, Senator Fowler.

SPEAKER MARVEL: Senator Hefner.

SENATOR HEFNER: Mr. President and members of the body, I rise to support this amendment. I think that if it makes Senator Johnson feel a little better, makes him feel a little more comfortable with the bill, well I am not going to stand in the way and fight this amendment. I think it does clarify a few things. It says for any contract entered into prior to October 1, 1981, and so this is fine with me and so I urge you to support this amendment.

SPEAKER MARVEL: Senator Johnson, do you want to close on your amendment?

SENATOR JOHNSON: No, Mr. Speaker, I would waive closing.

February 19, 1981

LB 214, 207, 207A

SPEAKER MARVEL: Okay the motion is the Johnson amendment to LB 214. All those in favor of that motion vote aye, opposed no. Record the vote.

CLERK: 29 ayes, 0 nays, Mr. President, on adoption of the Johnson amendment.

SPEAKER MARVEL: The motion is carried. The amendment is adopted. Senator Hefner, do you want to advance the bill?

SENATOR HEFNER: Mr. President, I move the advancement of LB 214 to E & R engrossing.

SPEAKER MARVEL: All those in favor of that motion say aye, opposed no. The motion is carried. The bill is advanced. Are we ready for LB 207?

CLERK: Mr. President, there are E & R amendments to LB 207.

SPEAKER MARVEL: Senator Kilgarin, E & R amendments to 207.

SENATOR KILGARIN: I move the E & R amendments to LB 207.

SPEAKER MARVEL: All those in favor of that motion say aye, opposed no. Motion is carried. The E & R amendments are adopted.

CLERK: I have nothing further on the bill.

SENATOR KILGARIN: I move LB 207 be advanced to E & R for engrossment.

SPEAKER MARVEL: All those in favor of that motion say aye, opposed no. Motion is carried. The bill is advanced. 207A.

CLERK: Mr. President, Senator Koch has an amendment to LB 207A. (Read Koch amendment offered on page 575, Legislative Journal.)

SPEAKER MARVEL: Senator Koch.

SENATOR KOCH: Mr. Speaker, thank you. The original A bill, we still had the trust fund earmarked in the Department of Education. There was some objection on the floor about the earmarking. What we did in the amendment to the A bill was to make certain money collected for license fees goes directly to the general fund and the amount you see here is the amount we are presently giving to driver's ed plus the new amount which we approved and I ask for the adoption of this amendment to the original 207A.

LB 14, 18, 20, 27, 28, 29, 30  
37, 41, 42, 43, 45, 46, 81  
110, 121, 125, 130, 140,  
143, 155, 164, 188, 188A,  
207, 207A, 214, 234, 82, 64  
234A

February 20, 1981

SENATOR DWORAK: I wish to close, Mr. President. I just reiterate that LB 125 be advanced to E & R initial.

SPEAKER MARVEL: All those in favor of that motion vote aye, opposed vote no. Okay, record.

CLERK: 33 ayes, 9 nays on the motion to advance the bill, Mr. President.

SPEAKER MARVEL: The motion is carried. The bill is advanced. The Clerk has some items on the desk before we adjourn.

CLERK: Mr. President, before we leave Senator Kremer would like to remind the Public Works Committee that they have a hearing at noon today in Room 1517 on Gubernatorial appointments for the public roads classification for motor vehicle licensing board. That is in Room 1517.

Mr. President, I have legislative bills ready for your signature.

SPEAKER MARVEL: While the Legislature is in session and capable of transacting business I am about to sign and I do sign LB 121, LB 64, LB 41, LB 18, LB 14 and engrossed LB 140, engrossed LB 130 and engrossed LB 82, engrossed LB 81, engrossed LB 46 and engrossed LB 45. Okay, Mr. Clerk.

CLERK: Mr. President, I have an Attorney General's opinion addressed to Senator Goodrich. It will be inserted in the Journal. (See pages 608-610.)

Your committee on Enrollment and Review respectfully reports we have carefully examined and engrossed LB 110 and find the same correctly engrossed; 188, 188A, 207, 207A, 214, 234 and 234A, all correctly engrossed.

Mr. President, your Enrolling Clerk respectfully reports she has at 10:37 a.m. presented to the Governor for his approval the following bills: 28, 42, 156, 20, 27, 29, 30, 37 and 43.

Mr. President, Senator Chambers moves to reconsider the action in voting to indefinitely postpone LB 143. That will be laid over.

I have explanation of votes from Senator Haberman and Senator Sieck. (See page 611 of the Journal.)

I have a report of registered lobbyists for February 12

March 2, 1981

LB 9, 34, 110, 124, 178,  
214, 345, 547

opposed nay. Record the vote.

CLERK: 31 ayes, 1 nay, Mr. President, on the motion to introduce the bill.

PRESIDENT: The motion carries. The bill may be introduced. Read the bill.

CLERK: Mr. President, LB 547 introduced by the Ag and Environment Committee. (Read LB 547 for the first time.)

PRESIDENT: Senator Landis, did you wish to....thank you. I thought you might want to speak. Ready for agenda item #5, Final Reading. The Sergeant at Arms will see that all unauthorized personnel are off the floor of the Legislature. All legislators are to be at their desks. We are ready to proceed with Final Reading. As soon as everyone is at your desk we will commence with LB 110.

CLERK: Mr. President, while we are waiting, your Committee on Enrollment and Review respectfully reports they have carefully examined and engrossed LB 9 and find the same correctly engrossed; 34 correctly engrossed; 124 correctly engrossed; 178 correctly engrossed, and 345 all correctly engrossed. (Signed) Senator Kilgarin, Chair.

PRESIDENT: All right, we are ready to proceed then with Final Reading. Mr. Clerk will proceed with the Final Reading of LB 110.

CLERK: (Read LB 110 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 110 pass? All those in favor vote aye, opposed nay. Record the vote.

CLERK: (Read the record vote as found on page 704 of the Legislative Journal.) 35 ayes, 8 nays, 5 present and not voting, 1 excused and not voting, Mr. President.

PRESIDENT: LB 110 passes. The next bill on Final Reading is LB 214.

CLERK: (Read LB 214 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 214 pass with the emergency clause attached? All those in favor vote aye, opposed nay. Record the vote.

March 2, 1981

LB 24, 65, 214

CLERK: (Read the record vote as found on page 705 of the Legislative Journal.) 37 ayes, 9 nays, 1 excused and not voting, 2 present and not voting, Mr. President.

PRESIDENT: LB 214 passes with the emergency clause attached. The next bill on Final Reading is LB 65, Mr. Clerk.

CLERK: (Read LB 65 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 65 pass with the emergency clause attached? All those in favor vote aye, opposed nay. Record the vote.

CLERK: (Read the record vote as found on pages 705 and 706 of the Legislative Journal.) 47 ayes, no nays, 1 excused and not voting, 1 present and not voting, Mr. President.

PRESIDENT: LB 65 passes with the emergency clause attached. Before we proceed with LB 24, the Chair takes great pleasure in introducing to the body former Speaker and Senator of this Legislature, Elvin Adamson from Nenzel, Nebraska. He is under the south balcony. Elvin, will you stand up and be recognized, and welcome back. We also have...the Clerk would like to have it announced that Senator Rumery's birthday was yesterday and we want to say, Happy Birthday to you and say that there will be some cake served about 10:30, so if you can all hang on long enough why you will have some sustenance about that time. We would also like to take this opportunity to introduce some guests of Senator Cullan, 22 students of Political Science from Chadron State College. I had the pleasure of visiting with some of these people earlier today. They are up here in the north balcony with Mr. Jim Shafer, Professor of Political Science. Would they be recognized and welcome to your Legislature. Do want to stand and be recognized? Stand up, students. Welcome. We will now proceed then with the reading on Final Reading of LB 24, Mr. Clerk.

CLERK: Mr. President, I have a motion on the desk.

PRESIDENT: Read the motion.

CLERK: Mr. President, Senator Warner moves to return LB 24 to Select file for a specific amendment. The amendment reads as follows: (Read the Warner amendment as found on page 706 of the Legislative Journal.)

March 3, 1981

LB 21, 65, 67, 77, 80, 109,  
110, 159, 186, 214, 221,  
236, 260, 274A, 290, 459A

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Prayer by the Reverend William Pfeffer from the Panama Presbyterian, also at the Wesleyan University here in Lincoln.

REVEREND PFEFFER: Prayer offered.

PRESIDENT: Roll call.

CLERK: Mr. President, Senator Hoagland would like to be excused until he arrives.

PRESIDENT: Have you all registered your presence? Record the presence, Mr. Clerk.

CLERK: Quorum present, Mr. President.

PRESIDENT: Quorum being present, are there any corrections to the Journal, Mr. Clerk?

CLERK: I have no corrections, Mr. President.

PRESIDENT: All right, the Journal will stand correct as published. Are there any messages, reports or announcements?

CLERK: Mr. President, I have an Attorney General's opinion addressed to Senator Newell and one to Senator Schmit regarding the Nebraska Corn Resources Act. (See pages 718-721 of the Legislative Journal.)

Mr. President, your committee on Appropriations whose chairman is Senator Warner refers LB 159 as indefinitely postponed, (Signed) Senator Warner.

Mr. President, LB 290 which was referred to Public Works reports the same to General File with amendments, (Signed) Senator Kremer as Chair. (See pages 721-722 of the Journal.)

Mr. President, LB 274A offered by Senator DeCamp. (Title read.) New A bill, LB 459A by Senator Fowler. (Title read.) (See page 722 of the Journal.)

Mr. President, your committee on Public Health and Welfare gives notice of cancellation and resetting of public hearing.

Mr. President, I have legislative bills ready for your signature.

PRESIDENT: While the Legislature is in session and capable of doing business I propose to sign and I do sign LB 110, LB 214, LB 65, LB 21, LB 67, LB 77, LB 80, LB 109, LB 186, LB 221, LB 236 and LB 260. Anything further, Mr. Clerk?

LB 21, 24, 38, 44, 54, 65, 67,  
77, 80, 104, 109, 110, 154,  
186, 214, 221, 236, 260, 264,  
275, 288, 459

March 3, 1981

File with amendments; 264 to General File, (Signed)  
Senator Cullan, Chair.

Mr. President, your committee on Judiciary reports LB 44  
to General File with amendments.

Mr. President, new resolution offered by Senator Fowler,  
LR 27. (Read.) That will be laid over pursuant to our  
rules, Mr. President.

Mr. President, your committee on Enrollment and Review  
respectfully reports we have carefully examined and en-  
grossed LB 24 and find the same correctly engrossed, 38,  
54, 104, 154 and 275 and 288 all correctly engrossed,  
(Signed) Senator Kilgarin, Chair.

Mr. President, your Enrolling Clerk reports that she has  
presented to the Governor for his approval LBs 110, 214,  
65, 21, 67, 77, 80, 109, 186, 221, 236 and 260.

SPEAKER MARVEL: The next bill on Select File is LB 459.

CLERK: Mr. President, there are E & R amendments to LB 459.

SPEAKER MARVEL: Senator Kilgarin, E & R amendments to 459.

SENATOR KILGARIN: Mr. Speaker, I move the E & R amendments  
to LB 459.

SPEAKER MARVEL: All in favor of that motion say aye,  
opposed no. The motion is carried. The E & R amendment  
is adopted.

CLERK: Mr. President, I now have a motion from Senator  
Fowler. (Read Fowler amendment as found on page 733 of  
the Legislative Journal.)

SPEAKER MARVEL: The Chair recognizes Senator Fowler.

SENATOR FOWLER: Mr. President, this bill changes the  
contribution rates with regards to certain aspects of  
retirement. In working with the legislative fiscal staff  
we felt that rather than have the bill take effect on what-  
ever day, ninety days after the session which may be in the  
middle of a pay period, that we would try and pick a date  
for it to take effect so as to ease implementation. So  
this is for October 1. This really is an amendment to  
help with the mechanical aspects of adjusting the payroll  
to reflect the new contribution rates for the retirement  
plan. I would move for its adoption.

SPEAKER MARVEL: All those in favor of the Fowler amendment



March 9, 1981

LB 67, 72, 73, 77, 113,  
144A, 186, 214, 221, 459A.

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Prayer by Chaplain Coordinator Palmer.

DR. ROBERT PALMER: Prayer offered.

PRESIDENT: Roll call.

CLERK: Mr. President, Senators Burrows, Cullan, Hoagland and Beutler would like to be excused until they arrive, and Senators Higgins, Koch, Maresh and Stoney all day.

PRESIDENT: Have you all recorded your presence?  
Record the presence, Mr. Clerk.

CLERK: Quorum present, Mr. President.

PRESIDENT: Quorum being present, are there any corrections to the Journal, Mr. Clerk?

CLERK: I have no corrections, Mr. President.

PRESIDENT: Any messages, reports or announcements?

CLERK: Mr. President, your Committee on Enrollment and Review respectfully reports that we have carefully examined and reviewed LB 459A and recommend that same be placed on Select File; 144A Select File; 72 Select File with amendments, and 73 Select File with amendments. (Signed) Senator Kilgarin. (See pages 789 and 790 of the Legislative Journal.)

Mr. President, your Committee on Banking, Commerce and Insurance whose Chairman is Senator DeCamp reports LB 113 to General File with amendments. (See page 790 of the Legislative Journal.)

Mr. President, I have a report from the Public Works Committee regarding the appointments of....certain gubernatorial appointments and confirmation thereof. (See page 791 of the Legislative Journal.)

Mr. President, communications from the Governor addressed to the Clerk. (Read communications regarding LB 77, 67, 186, 214 and 221 as found on pages 791 and 792 of the Legislative Journal.)

Mr. President, I have letters making appointments to the Crime Victims Reparations Board, to the Rural Health Manpower Commission and to the Investment Council. (See pages 792 and 793 of the Legislative Journal.)